

# Cigarette and Tobacco Products Permits Issued by the Wisconsin Department of Revenue

## INTRODUCTION

This document provides information regarding the following cigarette and tobacco products permits issued by the department:

- Cigarette Distributor
- Cigarette Jobber
- Cigarette Warehouse
- Cigarette Vending Machine Operator
- Cigarette Multiple Retailer
- Cigarette Salesperson
- Tobacco Products Distributor
- Tobacco Products Subjobber
- Tobacco Products Salesperson

Read the definitions under Section III to determine the permits you need. **Permits are not transferable to another person or place.** Notify us immediately when your business has any change to its name, address, or Federal Employer Identification Number (FEIN) or when you cease operating in Wisconsin.

The sale of cigarettes and tobacco products to consumers in Wisconsin requires the seller to hold a valid **Wisconsin retail license**. The city, village or town clerks – not the Department of Revenue, issue retail licenses.

**CAUTION:** Be advised that no person may sell/ship cigarettes or tobacco products to individual consumers through the mails (U.S. Post Office or common carrier).

If you have questions or need assistance with this application, you may call or visit the department at: **2135 Rimrock Road, Madison, WI 53713; Telephone (608) 266-2776 ext. 16435.**

Reporting forms will be sent to you when your permit is issued. Call (608) 266-8970 if you have questions regarding those forms.

## I. WHO NEEDS A CIGARETTE OR TOBACCO PRODUCTS PERMIT

You must obtain a Wisconsin cigarette and/or tobacco products permit if you want to:

1. Manufacture\* cigarettes or tobacco products in Wisconsin.
2. Manufacture\* cigarettes and/or tobacco products outside Wisconsin for sale and distribution in Wisconsin.
3. Sell cigarettes and/or tobacco products in Wisconsin as a distributor, jobber, vending machine operator or multiple retailer.
4. Operate a warehouse in Wisconsin for the storage of cigarettes for another person.
5. Solicit orders for or engage in the sale of cigarettes and/or tobacco products in Wisconsin.

Several Business Locations – If you will be doing business from more than one location, you must obtain a separate permit for each location. **Exception:** The cigarette multiple retailer permit is issued only to the headquarters' location and covers all qualified retail locations in Wisconsin.

“Doing business” includes manufacturing, receiving, selling, shipping, invoicing, and warehousing cigarette and tobacco products.

The term “sell” or “sale” includes product acquired by transfer, gift, trade or exchange.

## II. HOW TO OBTAIN A CIGARETTE AND/OR TOBACCO PRODUCTS PERMIT

Along with these instructions are the various forms you must complete to receive a cigarette and/or tobacco products permit. Determine which permits you need and then complete the forms carefully because missing or incomplete information will delay the issuance of your permits. You may reproduce any of these forms.

Before mailing your application, check the list below to make sure you are sending us all the required information:

- Completed **cigarette and/or tobacco products application** for each business location from which you will do business, plus:
  - Completed **salesperson application(s)** prepared by each person who will solicit orders personally in Wisconsin.
  - **Auxiliary questionnaire** prepared by each individual, partner, member, corporate officer, director and agent; and each shareholder owning 5% or more of stock. (Does not pertain to salespersons).
- **Nonresident** individuals, partners, members, and foreign corporations **must submit a form to appoint the Department of Financial Institutions for “service of process”** relating to any matter of issue arising under Sections 139.30 through 139.44, Wis. Stats.
- **Cigarette Distributor applicants must attach a letter of “direct buy”** from each cigarette manufacturer that they will be purchasing cigarettes from for sale in Wisconsin.
- **Security must be filed by new distributor applicants** (See Section IV).
- **Cigarette Vendor applicants must attach the Cigarette Vending Machine Location form (CTP-124)** accompanying the application packet.
- **Cigarette Multiple Retailer applicants must attach the Retail Location form (CTP-125)** accompanying the application packet.
- **Completed applications for any other permits** or registration certificates you need at this time (for example, Seller's Permit, Employer Registration Certificate for withholding).
- **\$20 Business Tax Registration Certificate** (renewed every two years for \$10). This fee is not prorated or refundable. There is no additional fee for a cigarette and/or tobacco products permit.
- **Executed power of attorney (Form A-222)** when the contact person is not one of your employees.

## III. DEFINITIONS PERTAINING TO THE PERMITS

*Note:* Persons who obtain permits from the department are referred to as “permittees”. This term appears frequently in these instructions. The following definitions relate to the various cigarette and tobacco products permits issued by the department:

**Cigarette Manufacturer\*** – Any person who manufactures cigarettes for sale.

**Cigarette Distributor** – Any person who acquires unstamped cigarettes from the manufacturer\* thereof, affixes cigarette tax stamps to those cigarette packs or containers, stores the stamped cigarettes and sells them to other permittees or to retailers for resale, or acquires Wisconsin stamped cigarettes from another permittee for such sales.

### Required Letters of Direct Buy (LDB) From Manufacturers / First Importer of Record

Prior to affixing Wisconsin tax stamps to cigarette packages, distributors must submit a Letter of Direct Buy from each manufacturer, whose cigarettes they will sell/ship into Wisconsin, to this department for approval. No cigarettes may be sold/shipped into Wisconsin without department approval. Failure to comply will result in a hearing to show cause why your cigarette distributor permit should not be revoked. The Letters of Direct Buy must include the following information:

- **Letter of Direct Buy Requirements:** Statements must be brand specific.
- A statement that the distributor is authorized for or is currently on direct buy with the manufacturer for the purchase of cigarettes manufactured and/or imported by the manufacturer (Include distribution warehouse address(es) (point of origin) of cigarette shipments to distributor.

This requires an invoice (also to include point of origin), at the time of sale, from the manufacturer in the U.S. or the first importer of record in the U.S. to the distributor at the permitted location.
- The manufacturer's Federal Cigarette Manufacturer and/or Importer Permit Number with the Federal Bureau of Alcohol & Tobacco (BATF). If both manufacturer and importer, identify brands for each.
- Importers must be the *first* importer of record of those cigarettes into the United States and must state this in their letter. Importers must include in the LDB the name and complete address of the *actual manufacturer* of the cigarettes. For imported product, the department must receive a dated and signed secondary letter (on letterhead) from the *actual*

\* For imported cigarettes or tobacco products, the first importer of that product will qualify as the manufacturer.

manufacturer of the cigarettes that will confirm the following:

- That the manufacturer is a valid legal company outside the U.S. and manufactures cigarettes (must list all brands/brand families). Statement(s) must explain qualification(s) as manufacturer (fabricator, trademark holder, etc.) of the cigarettes.
  - Knowledge of Wisconsin's Tobacco Master Settlement Agreement (MSA) statutory requirements under WI Stats. 895.10, effective May 23, 2000, and their compliance status to date; and WI Stats. 895.12, effective November 26, 2003, and their status to date (reference Attorney General registration number).
  - Knowledge of who imports their product into the U.S. (importers' name(s) and address(es)).
  - Authorization of sales of their product(s) for sale and distribution in the State of Wisconsin.
  - NPM escrow account information (if applicable) – (bank name and address, account no., representative name and contact information, etc.)
  - A statement authorizing that the manufacturer's cigarettes are for sale and distribution in Wisconsin by the distributor permittee (applicant) at the permitted business location.
  - A statement regarding the manufacturer's status on the MSA (i.e. Participating Manufacturer, including the date they signed on, or Non-Participating Manufacturer) and the status of each brand of cigarette. Participating manufacturers must specify brands that are excluded from the MSA or include a statement that all of their products sold by them, as listed in the Letter of Direct Buy or price list, are included/covered under the MSA.
  - A manufacturer's price list of their brand(s), including packaging (i.e. 10/20s, 8/25s, 10/25s, etc.), unless listed in the letter. Include this information in the LDB unless brands are to numerous to list; otherwise, manufacturers/importers must include a statement in the LDB and make reference to a labeled price list (i.e. Exhibit A, etc.)
- \* Manufacturers/importers must be prepared to show this department verification that all federal requirements for legal sale have been met (i.e. FTC letter of compliance; CDC/HHS letter of compliance, etc.)

**Cigarette Jobber** – Any person who acquires *Wisconsin stamped* cigarettes from cigarette distributors, stores them and sells them to retailers for resale.

**Cigarette Warehouse** – The premises where a person is lawfully engaged in the business of storing cigarettes for profit but does not include premises where common carriers may temporarily store cigarettes in their possession while in transit in interstate commerce.

**Cigarette Vending Machine Operator** – A person who acquires *Wisconsin stamped* cigarettes from cigarette distributors or jobbers, stores them and sells them through vending machines which he or she owns, operates, or services, and which are located on premises owned or under the control of other persons.

» Applicants must complete the *Cigarette Vending Machine Location form (CTP-124)* enclosed.

**Cigarette Multiple Retailer** – A person who acquires *Wisconsin stamped* cigarettes from cigarette distributors or jobbers, stores them and sells them to consumers through 10 or more retail outlets which he or she owns and operates within and outside this state.

» Applicants must complete the *Retail Location form (CTP-125)* enclosed.

**Cigarette Salesperson** – A salesperson's permit must be obtained by any person who is *in Wisconsin* and who solicits orders for or engages in the sale of cigarettes for future delivery. "Peddling" is illegal in Wisconsin.

**Tobacco Product Manufacturer\*** – Any person who manufactures tobacco products for sale.

**Tobacco Products Distributor** – This term means:

1. Any person engaged in the business of selling tobacco products in Wisconsin who brings, or causes to be brought, into this state from outside Wisconsin any tobacco products for sale.
2. Any person who makes, manufactures or fabricates tobacco products in Wisconsin for sale in Wisconsin.
3. Any person engaged in the business of selling tobacco products outside Wisconsin who ships or transports tobacco products to retailers in Wisconsin for sale by the retailers.

**Tobacco Products Subjobber** – Any person *in Wisconsin*, who buys tobacco products only from distributors in Wisconsin with the tobacco products tax included and sells them to retailers or other permittees. (If purchasing tobacco products from out-of-state, a distributor permit is required.)

**Tobacco Products Salespersons** – A salesperson's permit must be obtained by any person who is *in Wisconsin* and who solicits orders for or engages in the sale of tobacco products for future delivery. "Peddling" is illegal in Wisconsin.

#### IV. SECURITY

The department may require applicants who qualify for a distributor's permit to have security on file before issuing their permit. This security may be in the form of a bond, certificates of deposit, or cash. Your permit will not be issued until the security is received.

**Cigarette Distributors** – New applicants are requested to post a minimum \$10,000, plus an amount equal to 3 times their estimated monthly tax stamp purchases. The department will then sell stamps on credit up to one third

of that amount. (e.g. \$100,000 bond less \$10,000 = \$90,000 for stamp purchases: \$90,000 / 3 = \$30,000 credit for monthly stamp purchases.)

**Tobacco Products Distributors** – New applicants are requested to post \$3,000 security for tobacco products tax.

Distributors who do not timely file the monthly returns and/or timely pay any tax due will be required to file security in an amount determined by the department.

#### V. THE CIGARETTE TAX

Cigarettes are rolls of tobacco wrapped in paper or any substance other than tobacco. For current tax rates call or write to: **Phone** (608) 266-8970; **FAX** (608) 261-7049; **E-mail** [excise@dor.state.wi.us](mailto:excise@dor.state.wi.us)

The cigarette tax is paid by cigarette distributors who are required to purchase tax stamps from the department, which they then apply to each pack of cigarettes. Stamps are purchased on credit and payment is submitted by distributors along with their monthly cigarette tax returns on or before the 15th day after the month in which the stamps are received. Distributors calculate the amount due by adding the net tax (gross tax less stamping discount) to the printing and shipping costs.

#### VI. THE TOBACCO PRODUCTS TAX

Effective December 1, 1999, tobacco products tax changed from an occupational tax to an excise tax requiring tax-paid invoices to include the statement "Wisconsin tobacco products tax-included sale" or indicate the tax as a separate item. Sales to Native American Tribes/retailers are not exempt from the tobacco products tax.

Tobacco products include cigars, cheroots, plug snuff, chewing tobacco, clippings and other forms of tobacco prepared in a manner suitable for chewing or smoking in a pipe or otherwise. *It does not include cigarettes.*

The tobacco products tax rate is 25% of the manufacturer's established list price to distributors without reduction for volume or other discounts. The tax on tobacco products imported from another country by a distributor is 25% of the amount obtained by adding the manufacturer's list price to the federal tax, duties and transportation costs to the United States.

The tax is paid by Wisconsin distributors on all tobacco products received from out-of-state. The tax is paid by out-of-state distributors on tobacco products sold to retailers/non-licensed distributors in Wisconsin. Both in-state and out-of-state distributors file a monthly tax return due on or before the 15th day after the month in which the transactions occur.

#### VII. PAYING TAXES ELECTRONICALLY

Cigarette and tobacco products taxes must be paid to the department electronically (EFT) if a distributor's annual cigarette or tobacco products tax payment is over \$40,000. If you meet this qualification or elect to pay by EFT, call (608) 264-9918 for information.



# APPLICATION FOR CIGARETTE PERMITS AND TOBACCO PRODUCTS PERMITS

## DEPARTMENT USE ONLY

Permit Number
Period Covered
Date of Issuance

True Name (Corporation, Limited Liability Company, Partnership or Sole Proprietorship)			Federal Emp. ID No. -		Social Security Number	
Trade or Business Name (if different than True Name)					Telephone No. ( )	
Business Address (Permit Location)			Business located in <input type="checkbox"/> City <input type="checkbox"/> Village <input type="checkbox"/> Town		Business Telephone ( )	
City or Post Office	State	Zip Code	of: _____		County	
Mailing Address (if different than Business Address)			City or Post Office		State	Zip Code

### 1. Organization (check one)

<input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> Wisconsin Corporation – Enter date incorporated: _____ <input type="checkbox"/> Out-of-State Corporation – Are you registered to do business in Wisconsin? <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Other – Describe: _____	<input type="checkbox"/> If Governmental Unit, check appropriate box <input type="checkbox"/> Federal <input type="checkbox"/> County <input type="checkbox"/> Tribal <input type="checkbox"/> Wisconsin State Agency <input type="checkbox"/> Local <input type="checkbox"/> Limited Liability Company – enter date registered with the Department of Financial Institutions: _____ For federal income tax purposes, will the LLC be taxed as a: <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Single member LLC disregarded as a separate entity
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### 2. Have you as a Sole Proprietor, Partner(s), Limited Liability Company Member(s) or Corporate Officer(s):

a) ever held, or now hold a permit or certificate issued by the Wisconsin Department of Revenue? ☐ YES ☐ NO  
If Yes, indicate: type of permit or certificate \_\_\_\_\_ permit or certificate number \_\_\_\_\_  
location for which it was issued \_\_\_\_\_  
(street address, city, state, zip code)

b) ever been convicted of violating federal or state laws or local ordinances other than traffic violations? ☐ YES ☐ NO  
If Yes, check type: ☐ Federal ☐ State ☐ Local Ordinances  
Also indicate details of the violation, including nature of violation, date, place, court and disposition. \_\_\_\_\_

If you have been convicted of a felony for which you received a pardon, describe the nature of the felony, and date/place of the pardon.

### 3. Check the permits for which you are applying and enclose one \$20 Business Tax Registration fee (if applicable) regardless of the number of permits you have checked.

<input type="checkbox"/> Cigarette Manufacturer (see 4d) <input type="checkbox"/> Cigarette First Importer of Record (see 4e) <input type="checkbox"/> Cigarette Distributor <input type="checkbox"/> Cigarette Jobber (see 4a) <input type="checkbox"/> Cigarette Warehouse (WI only) <input type="checkbox"/> Cigarette Vending Machine Operator (see 4b) <input type="checkbox"/> Cigarette Multiple Retailer (see 4c) <input type="checkbox"/> Tobacco Products Manufacturer (see 4d) <input type="checkbox"/> Tobacco Products First Importer of Recorder (see 4e) <input type="checkbox"/> Tobacco Products Distributor <input type="checkbox"/> Tobacco Products Subjobber (WI only)	4a. Will more than 50% of your cigarette sales be at wholesale to retailers, vending machine operators or multiple retailers neither owned, controlled nor operated by you? <input type="checkbox"/> YES <input type="checkbox"/> NO 4b. Complete the attached Cigarette Vending Machine Location form (CTP-124) and attach to this application. 4c. You must own and operate 10 or more retail cigarette outlets in or outside of Wisconsin. Complete the attached Retail Cigarette Location form (CTP-125) and attach to this application. 4d. You must have a federal tobacco manufacturer permit issued by Tax & Trade Bureau (TTB) (formerly BATF). Enclose copy. 4e. You must have a federal tobacco importer permit issued by Tax & Trade Bureau (TTB) (formerly BATF). Enclose copy.
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## AUXILIARY QUESTIONNAIRE

(for the Cigarette and/or Tobacco Products Application)

To be completed by each individual, partner, or member and each officer, director, agent and holder of 5% or more stock of a corporation.

1. Name of Individual, Partner, Member, Officer, etc.			2. Social Security Number	3. Date of Birth
4. Home Address and Phone Number			5. Legal Name	
6. City	State	Zip Code	7. Position With Applicant	8. Percent of Stock Held

- ☐ Yes ☐ No 9. Are you a resident of Wisconsin?  
If No, and you are a sole proprietor, partner, member, foreign or domestic corporation, you must complete the "Department of Financial Institution's for Service of Process" forms available from this department.
- ☐ Yes ☐ No 10. Have you been found guilty of crimes relating to loaning money or anything of value to persons holding licenses or permits issued pursuant to Chapter 125 of the Wisconsin Statutes?
- ☐ Yes ☐ No 11. Have you been convicted of violating federal or state laws or local ordinances other than traffic violations?  
If Yes, check type violated: ☐ Federal ☐ State ☐ Local ordinances  
Also provide details of violation (nature of violation, date, place, court, and disposition)

12. If you have been convicted of a felony for which you received a pardon, specify nature of felony, date and place of pardon.

*I declare under penalties of the law that I have examined this information and to the best of my knowledge, it is true, correct and complete.*

**Your Signature** ►

Date

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Wisconsin Department of Revenue

## AUXILIARY QUESTIONNAIRE

(for the Cigarette and/or Tobacco Products Application)

To be completed by each individual, partner, or member and each officer, director, agent and holder of 5% or more stock of a corporation.

1. Name of Individual, Partner, Member, Officer, etc.			2. Social Security Number	3. Date of Birth
4. Home Address and Phone Number			5. Legal Name of Applicant	
6. City	State	Zip Code	7. Position With Applicant	8. Percent of Stock Held

- ☐ Yes ☐ No 9. Are you a resident of Wisconsin?  
If No, and you are a sole proprietor, partner, member, foreign or domestic corporation, you must complete the "Department of Financial Institution's for Service of Process" forms available from this department.
- ☐ Yes ☐ No 10. Have you been found guilty of crimes relating to loaning money or anything of value to persons holding licenses or permits issued pursuant to Chapter 125 of the Wisconsin Statutes?
- ☐ Yes ☐ No 11. Have you been convicted of violating federal or state laws or local ordinances other than traffic violations?  
If Yes, check type violated: ☐ Federal ☐ State ☐ Local ordinances  
Also provide details of violation (nature of violation, date, place, court, and disposition)

12. If you have been convicted of a felony for which you received a pardon, specify nature of felony, date and place of pardon.

*I declare under penalties of the law that I have examined this information and to the best of my knowledge, it is true, correct and complete.*

**Your Signature** ►

Date

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Wisconsin Department of Revenue



Attach sheet with reference question number if additional space is needed for questions below.

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